

Agency 235

Department of Labor and Industries

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2015-17 Expenditure Authority	2,879.7	33,971	670,133	704,104
Supplemental Changes				
Prevailing Wage Technology	.6		1,130	1,130
Early Contact with Employers	5.2		1,009	1,009
Wage Complaint Workload	2.3		451	451
Elevator Pre-Design and Study			353	353
Updating Industrial Classification Codes #			33	33
Headquarters Maintenance			500	500
Lean Management Practices		(64)		(64)
Field Office Relocation			630	630
Best Practices Reducing Disability	1.9		738	738
Prevailing Wage Electronic Survey			140	140
Workers' Compensation Changes		(1)	(101)	(102)
Audit Services		1	113	114
Legal Services		40	3,050	3,090
CTS Central Services		1	143	144
DES Central Services			13	13
Time, Leave and Attendance System		1	126	127
Self-Insurance Liability Premium			(9)	(9)
Mental Health Supplemental Agreements			82	82
Subtotal - Supplemental Changes	10.0	(22)	8,401	8,379
Total Proposed Budget	2,889.6	33,949	678,534	712,483
Difference	10.0	(22)	8,401	8,379
Percent Change	0.3%	(0.1)%	1.3%	1.2%

SUPPLEMENTAL CHANGES

Prevailing Wage Technology

Building on existing technological improvements in the Prevailing Wage program, the Department of Labor and Industries (L&I) will complete a year-long project to expand web-based customer service features and back-end functionality that will create efficiencies and save time for customers and staff in the program. (Public Works Administration Account-State)

HUMAN SERVICES - OTHER

Early Contact with Employers

A performance audit of the workers' compensation system, as reported by the Joint Legislative Audit and Review Committee (JLARC), generated multiple recommendations for improvement to the claims management process. L&I plans to implement JLARC's recommendations in phases. To improve injured worker outcomes, L&I will hire additional staff to increase the number of early contact calls to employers who have employees with injury claims that may incur time-loss benefits. L&I will also expand and coordinate the use of predictive analytics as a means to reduce long-term disability in the first phase of implementing JLARC's recommendations. (Accident Account-State, Medical Aid Account-State)

Wage Complaint Workload

The Department of Labor and Industries will hire additional staff to conduct investigations and process citations and determinations to accommodate an increased volume of complaints around possible wage theft. This additional capacity will enable L&I to address an ongoing backlog of complaints by completing investigations faster, bringing resolution for both workers and employers. (Accident Account-State, Medical Aid Account-State)

Elevator Pre-Design and Study

Elevators in the L&I headquarters building have had no significant upgrades in the 23-year life of the building, including several safety features required under today's building codes. L&I will work with a contractor to scope and conduct pre-design work for modernizing the building's elevators. (Accident Account-State, Medical Aid Account-State)

Updating Industrial Classification Codes #

One-time funding is provided for the Department of Labor and Industries to update information technology systems and billing forms to accommodate moving from Standard Industrial Classification codes to the North American Industrial Classification System (NAICS). The NAICS will increase accuracy and efficiency of employer assessments in the Worker and Community Right-to-Know program. (Worker and Community Right-to-Know Account-State)

Headquarters Maintenance

The Department of Labor and Industries' headquarters building is nearly a quarter-century old and is estimated to house over 2,000 employees by the end of the 2015-17 biennium. Over the past two biennia, regular maintenance costs and emergency repairs have resulted in over-expenditures and deferred building maintenance. The department's headquarters building maintenance budget is increased and expected to be offset by the elimination of \$4.1 million per year in bond payments that were paid off in October 2015. (Accident Account-State, Medical Aid Account-State)

Lean Management Practices

Chapter 4, Laws of 2015, 3rd Special Session directs the Office of Financial Management to reduce agency allotments in the 2015-17 biennium to reflect efficiency savings. The reduced appropriations associated with the efficiency savings are reflected in agency budgets, and the corresponding reduction in the back of the budget is reversed.

Field Office Relocation

Due to poor maintenance and/or safety and other problems, the Bremerton and Port Angeles field offices will relocate in the same locales to office space that better suits customer needs. (Accident Account-State, Medical Aid Account-State)

Best Practices Reducing Disability

Eight percent of all injured workers account for approximately 85 percent of workers' compensation costs. Many of these workers have mild to moderate injuries that should not necessarily result in long-term disability. The Department of Labor and Industries has demonstrated success in reducing disability by up to 30 percent when providers adopt best practices. Based on recommendations by the Joint Legislative Audit and Review Committee, L&I will hire 3.7 FTE staff and further expand the use of evidence-based best practices to help reduce disability among injured workers and save workers' compensation funds. (Medical Aid Account-State)

Prevailing Wage Electronic Survey

Chapter 40, Laws of 2015 made changes to how the Department of Labor and Industries establishes a prevailing wage rate, which includes creating an electronic option for employers to submit wage surveys. Funding is provided for implementation because it was not included in the enacted 2015-17 budget. (Public Works Administration Account-State)

Workers' Compensation Changes

The agency's budget is adjusted to reflect increased workers' compensation rates. (General Fund-State, various other accounts)

Audit Services

The agency's budget is adjusted to update anticipated charges for state audit services and to shift funding between fiscal years to reflect the State Auditor's audit schedule. (General Fund-State, various other accounts)

Legal Services

The agency's budget is adjusted to reflect updated estimates of anticipated usage of Attorney General's Office legal services. (General Fund-State, various other accounts)

CTS Central Services

The agency's budget is adjusted to update its share of the state network, security gateways, enterprise security infrastructure, and secure file transfer charges from the Consolidated Technology Services Agency. (General Fund-State, various other accounts)

DES Central Services

The agency's budget is adjusted to update its allocated share of the following charges from the Department of Enterprise Services: small agency financial services, capital project surcharge, campus utilities, campus employee parking, financing cost recovery, public and historic facilities, and risk management administration. Additionally, small agency human resources clients are provided expenditure authority to pay for human resources services. (General Fund-State, various other accounts)

Time, Leave and Attendance System

The agency's budget is increased to pay the remaining debt service for the Time, Leave and Attendance system. (General Fund-State, various other accounts)

Self-Insurance Liability Premium

Based on a new actuarial report, updated risk factors were applied to agency self-insurance premiums, causing some to rise and some to fall. (General Fund-State, various other accounts)

Mental Health Supplemental Agreements

This item reflects the cost of fiscal year 2017 adjustments for positions that would be covered by a separate collective bargaining agreement. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

HUMAN SERVICES - OTHER